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The Chinese Communist Threat to Burma

Reports are again current that the Chinese Communists intend to invade Burma in the near future, possibly at the end of the monsoon season in mid-September. These reports emphasize that the recent movement into Yunnan of Chinese Nationalist forces based in Burma offers the Peiping regime a plausible excuse for a penetration of Burmese territory.

Communist China's pressure upon Burma is exerted in various ways. Although the Peiping regime has diplomatic relations with Burma and refrains from propaganda attacks, Peiping is actively assisting the insurgent Burmese Communists, attempting aggressively to gain control of Chinese residents of Burma, and--perhaps most ominously--in recent months has reportedly moved troops into strategic sectors along the China-Burma border.

The Burmese Communist Party, the Stalinist group in Burma, has clearly indicated an orientation toward Peiping, and its forces have been moving from central Burma to the China-Burma border during the past several months, apparently to be in a better position to receive Chinese Communist aid. There is evidence that some such aid has already been provided--in the form of training, supplies and possibly technicians--and its scope is expected to increase during 1951. A well-known and very able Chinese Communist guerrilla leader, familiar with the rugged terrain of northern Burma, is reported to have been appointed to supervise the aid program and to direct guerrilla operations.

Chinese Communist diplomats and agents are active among the 250,000 to 300,000 Chinese residents of Burma. Despite indications of growing anti-Communist sentiment among the Burma Chinese, the Peiping regime has succeeded in inducing a passive orientation of these Chinese toward Peiping, and in undermining anti-Communist activities among them. The Burmese authorities, as a result of their professed "neutral" foreign policy, have refused to recognize the Chinese Communist threat, and have been reluctant to curtail the operations of Peiping's representatives in Burma for fear of giving offense.

Both Chinese Nationalist and Communist maps have consistently claimed as Chinese territory most of Burma north of 25 degrees 35 minutes as far as the Assam and Tibet borders. The Chinese Communists have reportedly collected taxes in some of the disputed areas, but as yet have made no attempt to occupy them.

The two developments which have most intensified the danger of Chinese Communist aggression against Burma have been the reported movement of Chinese Communist troops to strategic sectors of the

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China-Burma border and the resurgence of Chinese Nationalist Forces which retreated into Burma in early 1950. Chinese Communist strength in the area is estimated at 20,000 to 30,000

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The Peiping regime is in a position, with 20-30,000 troops, to launch a substantial striking force into Burmese territory on short notice, while Burmese forces are incapable of offering effective opposition. Peiping has repeatedly denounced the presence and operations of several thousand Chinese Nationalist troops who in recent months have been strengthened and resupplied and who have invaded Yunnan. There have been reports of Chinese Communist violations of Burmese territory during the pursuit of isolated groups of these Nationalist forces. The presence of Nationalist forces in Burma provides the Peiping regime with an excuse for invasion which could obscure the issue of aggression in the eyes of many nations, including the Burmese themselves.

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Total Mobilization Attempted in Vietnam

During the past few months, the French and Vietnamese authorities have instituted a series of measures designed to augment the will and capability of the Vietnamese people to counter the Communist threat posed by the Viet Minh and its Chinese allies. Efforts in this direction, however, are seriously handicapped by unresolved problems in the field of French-Vietnamese relations.

A decree signed by Bao Dai on 15 June delegated to Premier Tran Van Huu broad powers to "mobilize all national resources." Premier Huu promptly issued supplementary decrees aimed at building up the strength of the Vietnam National Army; these provided for conscripting physicians, pharmacists, veterinarians and dentists for military service and for drafting 60,000 men.

Because of security considerations and shortages of military equipment, the French have, until this spring, shown little haste in their efforts to develop a National Army. Several other factors influencing this situation, however, have now made a policy of more rapid development of the Vietnam Army both desirable and feasible to the French. Much of the misunderstanding and friction formerly characterizing relations between the Vietnamese government and French authorities has recently been eliminated. A contributing factor has been the steady arrival of large amounts of US military aid, part of which will be used to equip the three and one-half Vietnamese divisions provided for in present plans.

The new policy, which was actually devised by General de Lattre, is an extension of the policy of "total war" against the Viet Minh—a policy which de Lattre and Premier Huu announced on 15 April. This policy was designed to warn the "fence-sitters" that they must choose between Ho Chi Minh and Bao Dai and that expressions of admiration for the Viet Minh "resistance" would no longer be tolerated. A subsequent decree banning all intercourse between the French-Vietnamese and Viet Minh zones constituted the second phase of the total war policy. Finally, the stage for the mobilization decrees was set on Bastille Day by the most spectacular military review ever witnessed in Hanoi.

The success of the mobilization policy will depend on the political atmosphere within which it is implemented. From a purely military standpoint the significance of mobilization—at least for the present—is not great. The previous pattern wherein French-officered, non-Indochinese troops have borne the burden of combat, with Vietnamese troops being assigned to static missions, will continue. Nor is it clear who will provide the funds to maintain the projected draft of 60,000 trainees. The major significance of mobilization is therefore now political—the degree to which Vietnamese will interpret it as a step toward a truly national army and eventual unfettered sovereignty.

The present situation is not entirely encouraging in this respect. The Vietnam Government led by Tran Van Huu does not reflect popular opinion. Under the Huu government, freedom of the press has become increasingly restricted. Subordination of the Vietnam Government to de Lattre's High Commissariat is still very evident despite the gradual transfer of administrative functions to Vietnam. Vigorous police action has been taken against political leaders and groups, which, though anti-Communist, have been critical of Huu's policies. Among the few able Vietnamese who declared for Bao Dai, several, including the two best qualified candidates for Defense Minister and Chief of Staff, have resigned or have been expelled from the government during the past months.

It is obvious to many Vietnamese that a so-called National Army that does not function as the arm of a competent and vigorous Vietnamese civil and military authority is, in actuality, little more than an auxiliary corps to the French Army.

Satellites Admit Some Shortcomings in Current Economic Plans

The Eastern European Satellites, Rumania excepted, have admitted some shortcomings in the fulfillment of their economic plans during the past quarter. Generally, however, production quotas were met. The data from Bulgaria and Hungary reveal that these countries generally failed to reach their plan targets. In Albania, Poland and Czechoslovakia certain significant shortcomings were announced. The Rumanian report admitted no shortcomings in fulfilling its goals. The shortcomings can be attributed to shortages of or delay in the delivery of raw materials, inefficient industrial operation and planning, and labor unrest.

Bulgaria

The Bulgarian State Planning Commission claimed a considerable increase in industrial production for the 2nd quarter of its five year plan, but added that the overall plan, now in its third year, had failed to reach its goal by 1.4 percent. Specific organizations were criticized for their failures, the most important being the Ministry of Industry, the Ministry of Electrification, the Ministry of Supplies, and the Central Cooperative Union. In order to meet the industrial goals of the Five Year Plan, Bulgaria needs considerable outside assistance in procuring machinery and skilled personnel -- assistance which the USSR is either unable or unwilling to furnish.

Hungary

The official report for the second quarter of 1951 on the fulfillment of the Hungarian Five Year Plan, now in its second year, showed that heavy industry reached 98.8 percent of its planned goal, and that the manufacturing industry as a whole reached 99.6 percent. Other deficiencies occurred in the mining, engineering, electrical equipment, and building materials industries. In view of the announced achievements for the first half of 1951, during which heavy industry attained 100.4 percent and the manufacturing industry 100.5, the accomplishments of the second quarter are somewhat below those of the first. Recent severe criticism of workers for absenteeism and laxity in labor discipline tends to bear out a diminution of production during the second quarter.

Albania

The Albanian State Planning Commission announced general overfulfillment of its Five Year Economic Plan during the second quarter of 1951 in industrial output, raw material and agricultural production, as well as internal trade and transport. Flour production and wheat stockpiling, however, failed to meet plan targets, probably reflecting peasant unwillingness to surrender their crops. In the agricultural sector the machine tractor stations were also reported to have failed in their production goals.

Poland

The State Economic Planning Commission in Poland announced fulfillment of the overall plan for the second quarter of 1951 of Poland's Six Year Plan. However, certain industries were noted as failing to meet their goals for the second consecutive quarter. Failure to meet targets occurred in the production of crude oil, machine tools, locomotives, and railway rolling stock. Overall industrial production was claimed to have over-fulfilled the plan by 2.3 percent. This announcement reveals no significant changes when compared to that covering the first quarter of 1951.

Czechoslovakia

A communique from the Czechoslovak State Planning Office reported that the plan for the first half of 1951 (1949-1953) had been fulfilled. As a whole Czechoslovak industry exceeded its targets by 1.3 percent. The heavy engineering industry, however, was reported as not fulfilling its plan. Shortages of raw materials, particularly non-ferrous metals and rolled steel, as well as poor management, were cited as contributing causes. The admitted shortage of non-ferrous metals is in accord with known Czechoslovak efforts to obtain these materials clandestinely from the West. In addition, goals for the production of hard coal and electricity were not met. In some instances the failures can be traced to increasing labor discontent, absenteeism, and sporadic sabotage.

Rumania

The Rumanian State Planning and Statistics Commission in its report on the fulfillment of the Five Year Plan for the second quarter of 1951, the first year of the plan, admitted no failures. The overall industrial plan was reportedly fulfilled by 101.8 percent. The announcement stated that important quantities of certain products such as aviation gasoline, iron ore, steel products, chemicals, and consumer goods were produced above the plan's provisions. The success achieved in Rumania was attributed to the introduction of advanced Soviet industrial techniques.

Communists Mobilize to Break Down East-West Trade Controls

Communist parties and Communist-dominated "peace" organizations are currently being mobilized by the USSR to bring strong pressure against tightening Western economic restrictions on trade with the Soviet Orbit. At the same time, Soviet propaganda media are concentrating on the alleged US economic exploitation of the Western European countries while trumpeting anew the benefits of East-West trade. This emphasis may indicate that the Western economic measures have forced a change in Soviet tactics to obtain strategic materials from the West.

"Elimination of discrimination" toward the USSR is emphatically demanded by the 6 August resolution of the Presidium of the Supreme Soviet in reply to President Truman's message. The Presidium resolution, echoed by Izvestiya and other Soviet organs, condemns the Kem Amendment as well as the proposed Battle Bill in strong terms, leaving no doubt that the type of discrimination the Soviet Government has in mind is Western embargo actions and export control policies.

World trade received increased attention from the Communists after the July World Peace Council Bureau session in Helsinki. At that time, a proposal for an international economic conference to be held in Moscow in 1951, originally announced at the February meeting of the World Peace Council in Berlin, was repeated; it promptly received considerable attention in Communist circles.

Not only did the Moscow News endorse the conference as a "step in the right direction" and Izvestiya take favorable cognizance of it, but Tass has been distributing articles proclaiming that "trade ties would reduce world tension," that "normal economic relations are necessary," and that "world trade forms the basis for prosperity." National peace congresses have also included the latest line on trade in their agendas. Recently Moscow has dispatched invitations to visit the USSR to various bona fide business organizations in non-Communist countries.

Communist propaganda appeals of this type have usually been contradicted by Soviet behavior at international conferences and by Soviet trade practices. The USSR has now agreed to attend a 20 August UN meeting on improving East-West trade, at which it may limit its participation to promoting the current propaganda line on economic cooperation. However, since the Soviet Orbit has been experiencing increasing difficulty in obtaining strategic items under bilateral trade agreements with Western countries, Moscow may now be seeking information on the needs of these individual countries in order to improve its bargaining position in future bilateral negotiations.

September Action on Greek-Turkish Admission to NATO in Doubt.

Final approval of the US proposal to admit Greece and Turkey into NATO at the special 15 September meeting of the North Atlantic Council remains uncertain, because of the stubborn opposition of several member nations.

The admission of Greece and Turkey to NATO is but one of several proposals that have been advanced for their closer association in Western defense. Since May, when the US advocated extension of NATO membership to these countries, discussion in the Council of Deputies has revealed that most NATO members prefer to have them included in a separate regional pact.

The Netherlands and the Scandinavian countries, especially, fear extending their own military commitments into an area of little direct interest to themselves. They anticipate that their share of US military aid would be diminished, and prefer not to see any eastern Mediterranean states enter the NATO family and disturb its "Western cultural base" -- which some hope may allow for an extension of NATO beyond the present basically military cooperation.

British support of the American proposal, which developed in early July, has caused the objectors to reconsider, however, and to prepare for a reluctant acquiescence in the end.

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Portugal's open objections are likely to disappear, especially if a way is worked out to link Spain with Western defense.

Substantive objections now center upon the still undetermined command structure involving Greece and Turkey. The Netherlands, and to a lesser extent Norway and Denmark, urge that the plan divorce them from any eastern Mediterranean responsibility. France is especially anxious that its own western Mediterranean interests concurrently receive appropriate recognition in the allotment of NATO commands. Britain sees the early establishment of a strong eastern Mediterranean command under its own leadership, and including Turkey, as the core of the entire membership question.

The Council of Deputies has now requested a full report on the command structure from the Standing Group -- composed of Britain, the United States and France -- which is still exploring proposals for integrating Greek-Turkish units into Western defense both within and outside NATO. Such a report is hampered, however, by Turkey's equally strong insistence that it will undertake no discussion of the possible use of Turkish armed forces until actual membership is assured. A solution providing for an eastern Mediterranean command under NATO but separated from SHAPE is the anticipated answer, but until thorny details are settled, the final decision on admission is stalled.

Those countries that have opposed membership for Greece and Turkey are most unlikely, in the light of the British and US attitude, to exercise their right of veto. Since they still entertain serious doubts, however, they will be ready to support favorable Council action at Ottawa only if the British exert more pressure than they now seem ready to do. The British suggestion that agreement "in principle" be reached in September constitutes a possible compromise, since it would permit Turkish inclusion in the discussions, and conclusion of the command recommendations in time for final approval of the new members at the annual Council meeting at Rome in October.

Even if admission is approved, France and several other countries will probably remain unconvinced of the move's advisability, and a certain unpleasant aftertaste will remain. This may lead to insistence on the part of other NATO countries that the US give more consideration in the future to their views and to possible concessions on policy matters.

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West Berlin in Tight Situation as Youth Festival Reaches Climax

As the Communist World Youth Festival opens in East Berlin, West Berlin finds itself in the worst economic position since the blockade of 1948-1949. The USSR's three month blockade of West Berlin's vital exports has forced the West to initiate an airlift to fly out accumulated goods.

In addition to the restrictions on Berlin's exports, Soviet harassing devices have reduced much of the city's canal access to the West. Furthermore, the East German authorities have cut off shipments of soft coal to West Berlin, and have threatened to stop electric power deliveries. However, stockpiles of coal are much larger than they were in 1948, when the total blockade was imposed, and are now sufficient to supply West Berlin over a period of several months.

To alleviate the economic situation, the Allies are using a fleet of five US, French and British planes to haul Berlin manufactured goods out of the city. In its first week of operation, the airlift moved over 152 tons of a 14,000 ton backlog. Also, in an effort to force the USSR to abandon its restrictions, the West has cut off all normal trade between West and East Germany. Berlin observers, however, feel that the USSR can hold out for two months against these countermeasures, and possibly longer if the political advantages seem to merit resistance.

The USSR is originally believed to have imposed the current restrictions on Berlin exports as a means of speeding the conclusion of the interzonal trade agreement between East and West Germany, a pact which guarantees shipments to the East of materials vital to the fulfillment of the East German Five Year Plan. Since the restrictions have instead resulted in a firm refusal of the Allies to allow the pact to be implemented, the USSR may now be continuing the restrictions because of their over-all value as a harassing measure, or it may have decided that it cannot relinquish the valuable principle of control of Berlin's exports. If, however, the suspension of legitimate East-West trade is successful in cutting off all shipments of goods to East Germany, the USSR may relent and be willing to resume discussions of the whole trade issue. The Soviets have clearly left the door open for this step, since they have repeatedly claimed in the past several weeks that there are no "restrictions" and that their action in turning back trade permits does not constitute a departure from earlier policy.

Nevertheless, West Berlin, which is supposed to be a "show window" to impress the East, finds itself in straitened circumstances as the World Youth Festival gets under way. This may have been the Communist intent. It remains to be seen whether an airlift, carried out in sight of the Festival participants, could cause the Communist tactics to boomerang.

Western European Communists Plan to Exploit Labor Discontent in Fall

Western European Communists apparently are planning to exploit the steadily rising cost of living to foment strikes and sabotage in the fall, and thus to disrupt Western rearmament. Two members of the Italian Communist Party Directorate are expected to meet with French Communist leaders in Paris this month to coordinate a large-scale program for labor agitation as well as a "peace" propaganda campaign in both countries in September.

From this meeting may evolve a program to reap the benefits of a change in Communist labor policy which has been apparent in Western Europe in 1951. In France, the Communist-led General Labor Confederation (CGT) stressed labor's economic grievances, instead of international Communist political objectives, in the successful strike of the Paris transport workers last March. Since that time CGT leaders have reiterated to the PCF Politburo the necessity of holding the workers' allegiance by pressing for their genuine strike aims, which are economic, not political. The heavier accent on workers' economic and social demands was evident also in Communist May Day speeches and at the CGT Congress in late spring, when allusions were made to a possible international general strike. A similar insistence on economic aims has been increasingly apparent in Italy during the past year.

More recent specific developments, particularly in France, point to careful Communist planning for a concentrated strike effort at the appropriate time. There has been a reorganization of the CGT unions in the Paris region in order to facilitate the direction of large-scale strike movements planned for the autumn. At the plant level, the Renault works has been singled out for the organization of CGT-dominated committees to enable that union to call a strike at will. The Renault system is expected to serve as an example to the workers in other metal-working plants, but will not be sacrificed unnecessarily in a premature strike. This was evident when the CGT made no attempt to call an immediate strike last month after the Paris metallurgical industry rejected union wage demands.

Concerted strike efforts next month by dock workers in all Western European ports are indicated as the result of July meetings of international Communist representatives in Amsterdam and Marseille. The success of such plans is doubtful, however, because in the past two years Communist efforts to foment port strikes in Western Europe on ideological issues have generally failed. The current high level of shipping activity in France and the Benelux countries has further reduced the Communists' appeal to the dockers whose take-home pay is correspondingly greater. Despite considerable unemployment in Italian ports, the Communists have failed to win wide support for politically motivated strikes.

The economic basis for strong worker support of new wage demands already exists in both France and Italy, where living costs have far outstripped wage increases. Unless political expediency again forces the hand of Communist labor leaders, however, they may not incite labor to strike

until further sharp price rises insure that the workers are sufficiently aroused. Skillful Communist manipulation of such a situation could undoubtedly deal a severe blow to the economy of all Western Europe.

In both France and Italy, the early fall seems to be a likely time for a strike movement to begin. Developments like the recent major increase in Paris transportation costs and the crisis of the middle-of-the-road regime in France give the French Communists their best chance since 1948 to dislocate the economy and further weaken France's voice in Western councils.